



Opening Statement of Sen. Chuck Grassley  
Hearing, “The Medicare Prescription Drug Benefit: Monitoring Early Experiences”  
Wednesday, May 2, 2007

Anyone who knows me well knows that I take program oversight very seriously. Some people probably wish that I didn’t, but I do. So I am pleased that the Committee is holding today’s hearing, and I’m looking forward to next week’s hearing as well. The Medicare prescription drug benefit has proven to be a success on many fronts.

We have strong enrollment, lower premiums, lower drug costs, lower costs to taxpayers, and beneficiaries are highly satisfied with their plans. But that said, we know that the drug benefit, as with any new program of its magnitude, has had some glitches. CMS has taken a number of administrative actions to address problems as quickly as possible. They implemented the transition fill policy, and the special election period for beneficiaries eligible for additional financial assistance.

They established a dedicated call center for pharmacists, and they prohibited co-branding, among other actions. Although CMS has day-to-day responsibility for administering the drug benefit, this Committee is ultimately accountable for overseeing the program. And I know that the Chairman will continue this Committee’s longstanding commitment to conducting sound and robust oversight work.

Last year, this Committee heard about some of the start-up issues in a hearing and Member meetings. The Committee explored issues related to the enrollment process, the Social Security premium withhold, and drug makers’ patient assistance programs. We also heard that some plans’ practices have made it difficult for pharmacists to truly gauge the terms and conditions of their contracts.

The oversight work we did last year provides us with a baseline for comparing where things stand today. Two of today’s witnesses, Mr. Schule and Ms. Gross, have previously testified before the Committee. They’ll be able to give us an idea of what has improved, what hasn’t, and what new issues may have arisen. Mr. Schule and Ms. Gross are on the front lines, so to speak. Their insights will be particularly helpful in getting a better sense of beneficiaries’ everyday experiences with the benefit. Our other witnesses, Mr. Tucker and Ms. Gottlich, will offer more global perspectives on trends and issues that their organizations have spotted over the past year and a half.

Now one area that remains of particular concern to me is the Social Security withhold option. This option was supposed to be a convenient way for beneficiaries to pay their monthly premium. For many beneficiaries, that's been exactly the case. The withhold has worked like clockwork. Unfortunately, for far too many beneficiaries, it hasn't. Just in the few past few weeks, I've heard from beneficiaries in Iowa who haven't had anything withheld or have yet to receive a refund of premiums withheld in error. Those who owe money are anxious because they're concerned they'll be dropped from their drug plans. Those who are owed money, well, they want it back, and I don't blame them. Beneficiaries have contacted my office because they've gotten a large bill from their plans or because they see amounts withheld from their check, but it doesn't seem to be reaching their plan. None of the beneficiaries are trying to get out of paying what they owe. Time and time again, beneficiaries say, "I know I owe this money, and I want to pay it, but I can't pay it back all at once" or they say, "just tell me who to pay!" From what I've heard, no one seems to want to own this problem. A beneficiary that calls a plan is told to call Medicare. When the beneficiary calls Medicare, they're told to call Social Security. That's simply not acceptable. I know that CMS and SSA have worked to resolve these problems, and they've made progress on the cases they have. But the bottom line is, they need to make more progress and they need to do so quickly. It's my understanding that Ms. Gross and volunteers at the Iowa SHIP have been helping beneficiaries with these types of problems, and I look forward to hearing more from her on this matter.

I'm also very interested, as are many member of the Committee, in looking at pharmacy issues. Last year, Chairman Baucus and I initiated letters to the Office of the Inspector General and CMS on matters including networks, reimbursements, and contracting practices. These are important issues. When we wrote the Medicare law we wanted to make sure that beneficiaries could go to their local pharmacy. We've been hearing that some pharmacies have had a challenging time under Part D, and I'm hopeful that Mr. Schule and Mr. Tucker can shed some more light on those issues. Mr. Chairman, I've said it before and I'll say it again: the Medicare drug benefit is not perfect. And I am pleased that this Committee is at a point this year when it can finally direct energy to taking steps to improve the benefit. Today's hearing, along with next week's hearing, will be crucial to that work.